

Senate Study Bill 1269

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
COMMERCE BILL BY
CHAIRPERSON WARNSTADT)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the regulation of delayed deposit service
2 businesses.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 2326XC 83
5 rn/nh/24

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1 Section 1. Section 533D.9, subsection 1, Code 2009, is
2 amended to read as follows:
3 1. A licensee shall not charge a fee in excess of ~~fifteen~~
4 seven dollars and fifty cents on the first one hundred dollars
5 on the face amount of a check or more than ~~ten five~~ dollars on
6 subsequent one hundred dollar increments on the face amount of
7 the check for services provided by the licensee, or pro rata
8 for any portion of one hundred dollars face value.

1 Sec. 2. Section 533D.9, subsection 2, Code 2009, is
2 amended by adding the following new paragraph:
3 NEW PARAGRAPH. e. That the licensee cannot initiate
4 either civil court proceedings or arbitration to collect an
5 unpaid check unless the licensee has provided the maker of the
6 check the opportunity to repay the obligation, without any
7 additional charges other than the fee and penalty as provided
8 in this section, in biweekly payments of not more than ten
9 percent of the face of the check until the debt is paid in
10 full. Additionally, that during this repayment period the
11 licensee may not transfer or sell the debt owing on the unpaid
12 check and may not report on the account or borrower to any
13 credit reporting agency, that the maker's failure to make any
14 biweekly payment shall place the loan in default, and that the
15 licensee may, after proper notice, exercise rights against the
16 borrower for collection of the unpaid balance.

1 Sec. 3. Section 533D.10, subsection 1, Code 2009, is
2 amended by adding the following new paragraph:
3 NEW PARAGRAPH. g. Initiate either civil court proceedings
4 or arbitration to collect an unpaid check except as provided
5 in section 533D.9 in the event of loan default after failure
6 to make biweekly payments, or transfer or sell debt or report
7 to a credit reporting agency during the biweekly payment
8 period as specified in section 533D.9.

EXPLANATION

1 This bill relates to specified aspects of the regulation of
2 delayed deposit services businesses.

3 The bill lowers the amount of fees which may be charged by
4 a delayed deposit service business licensee from the current
5 level of \$15 on the first \$100 loaned and \$10 on subsequent
6 \$100 increments loaned to \$7.50 and \$5, respectively.

7 The bill also provides that a licensee must disclose to the
8 maker of a check that the licensee cannot initiate civil court
9 proceedings or arbitration to collect an unpaid check unless
10 they have provided the maker the opportunity to repay the
11 obligation in biweekly payments of not more than 10 percent of
12 the face of the check until the debt is paid in full. The
13 bill adds that during the repayment period the licensee cannot
14 transfer or sell the debt nor report to any credit reporting
15 agency, and that the maker's failure to make the biweekly
16 payment places the loan in default at which time, after
17 notice, the licensee may proceed with collection efforts. The
18 bill additionally makes the failure to conform with these
19 provisions a prohibited act on the part of the licensee, which
20 could subject the licensee to disciplinary action as specified

2 19 in Code section 533D.12.
2 20 LSB 2326XC 83
2 21 rn/nh/24